

Before the State of South Carolina
Department of Insurance


In the Matter of:)	
)	Consent Order
Kaiser Foundation Health Plan of North Carolina.)	Imposing Administrative Penalty
)	
P. O. Box 2099)	File No.: 100189
Morrisville, North Carolina 27560-91533.)	
_____)	

This matter comes before me pursuant to an agreement entered into between the State of South Carolina Department of Insurance (the Department) and Kaiser Foundation Health Plan of North Carolina, a health maintenance organization authorized to transact business in the State of South Carolina (the Company).

The Company acknowledges that it failed to timely provide requested information to the Department's Office of Insurer Licensing and Solvency Services. This is a direct violation of S.C. Code Ann. § 38-33-90 (B) (Supp. 1998) that can ultimately lead to the revocation or suspension of an HMO's certificate of authority to transact the business of insurance in South Carolina.

Prior to the initiation of any administrative proceedings by the Department against the Company, the parties agreed to submit the entire matter to me, along with their specific recommendation, for my summary decision, rather than to proceed toward a formal public hearing. The consensual recommendation was that, in lieu of the Department seeking to revoke the Company's certificate of authority, it would waive its right to a public hearing and immediately pay an administrative fine in the total amount of \$500.

Section 38-33-90 (B) of the South Carolina Code states that, "The director or his designee may require [from an authorized HMO] quarterly reports and additional information considered necessary to enable him to carry out his duties under this chapter. The reports and information must be furnished in the time and matter prescribed by the director or his designee." Section 38-33-180 (A)(10) states that the Director of Insurance "may revoke or suspend a certificate of authority issued to a health maintenance organization if he finds that...the health maintenance organization otherwise has failed to comply with this chapter or regulations promulgated under it by the department." Alternatively, § 38-33-230 provides that in lieu of license revocation or suspension, the Director may impose a monetary penalty of not more than \$15,000 per violation.

 Kaiser Foundation Health Plan
of North Carolina

After a thorough review of the record, carefully considering the recommendation of the parties, and pursuant to my findings of fact, I hereby conclude as a matter of law, that the Company has violated S.C. Code Ann. § 38-33-90 (B) (Supp. 1998). Although I can now revoke the HMO's certificate of authority, I hereby invoke the discretionary authority given to me and impose against the Company an administrative fine in the total amount of \$500. That fine must be paid within ten days of the date of my signature upon this consent order. If that total fine amount is not timely paid, the HMO's certificate of authority will be revoked without any further disciplinary proceedings.

This fine has been reached by the parties as a result of negotiation and compromise, and in consideration of the Company's assurance that it will timely respond to this Department's future requests for information. By the signature of one of its officers or authorized representatives upon this consent order, the Company acknowledges this administrative order as a public record subject to the disclosure requirements of the State of South Carolina's *Freedom of Information Act*, S.C. Code Ann. §§ 30-4-10, *et seq.* (1991 and Supp. 1998).

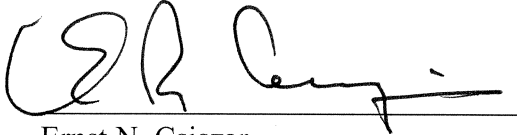
Nothing contained within this administrative order should be construed to limit, or to deprive any person of, any private right of action under the law. Nothing contained within this administrative order should be construed to limit, in any manner, the criminal jurisdiction of any law enforcement officer or judicial officer. Nothing contained within this administrative order should be construed to limit the statutory duty, of the Director of Insurance, exercised either directly or through the Department of Insurance, to "report to the Attorney General or other appropriate law enforcement officials criminal violations of the laws relative to the business of insurance or the provisions of this title which he considers necessary to report." *See* S.C. Code Ann. § 38-3-110 (Supp. 1998).


It is, therefore, ordered that Kaiser Foundation Health Plan of North Carolina shall, within ten days of the date of my signature on this consent order, pay through the South Carolina Department of Insurance an administrative fine in the total amount of \$500.

It is further ordered that a copy of this consent order be immediately transmitted to the National Association of Insurance Commissioners for distribution to its member states.

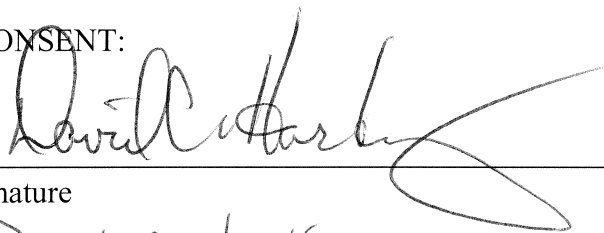
This consent order becomes effective as of the date of my signature below.

January 20, 2000
Columbia, South Carolina


Ernst N. Csiszar
Director


Kaiser Foundation Health Plan
of North Carolina

I CONSENT:



Signature

David C. Harding

Printed Name

Director, Finance

Title

Kaiser Foundation Health Plan of North Carolina
P. O. Box 2099
Morrisville, North Carolina 27560-9153

Dated this 31 day of January 2000.